

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

JANUARY 20, 1937

## Management Index Mailed With Rise in Volume of AMA Publications

### Office, Marketing, and Financial Management Literature Made Available to Members

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Among some recent publications that are especially recommended are the following:

#### Office Management

*Organizing for Sound Office Management.* By I. A. Herrmann, Allen Everett, Coleman L. Maze, Orrin G. Sherman, Walter G. Preston, Jr., and Andrew Robinson. O. M. 73.

*Office Gadgets.* By Leonard Stone, Marie P. Sealy, and E. B. Gage. O. M. 74.

*Selection and Training of Office Workers.* By Morris S. Viteles, Marion A. Bills, Millicent Pond, J. R. Jackman, Frank L. Rowland, John W. Riedell, and L. H. Van Ness. O. M. 75.

*Revitalizing Office Practice.* By C. L. Stivers, A. J. McCrickard, Harry Arthur Hopf, C. E. Haines, Frank M. Knox. O. M. 76.

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## Richards Making Plans On Production Meeting

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## ADVISES WATCHING COSTS OF LIVING

### Management Should Be Prepared for Situation in Which Index Goes Skyrocketing, Writer Says

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Dr. Bird states in his article, "Adjusting Wages to the Cost of Living," that it behooves companies to know how to act in case prices which enter into the cost of living go skyrocketing as they did in 1918-20. With wholesale prices showing a definite tendency to go higher than the already high figures of the present, the subject is one deserving real investigation, he believes.

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## USING AMA SERVICES

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All AMA members are privileged to borrow from this library under the usual library regulations.

Your file of *The Management Review* constitutes an index to the library, since the periodicals abstracted and books reviewed may be found on file. In addition any member may ask for a reference list or bibliography upon any ordinary topic in the management field.

The Information Service is one which the AMA is able to put at the disposal of all those whose companies have memberships in the Association. It makes the resources of the library easily available to the executives in such companies, since they may ask the service for information on management problems. In charge of this service is a trained economist who can select the best available material in print on the subject of inquiry or often can ascertain the source of possible information if it is not available in the library. We are also in touch with many other associations, libraries and research organizations in New York City.

A feature of our Information Service is an extension of the possibility offered at our conferences of talking with executives interested in problems similar to your own. We are glad to introduce you by letter to other members of the Association when you have a special problem. To a limited extent we can ask other members what they are doing on a problem which you may have in mind.

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## Attendance of Ten Thousand Expected At Packaging Show

Preliminary estimates made this week indicate that the Seventh Annual Packaging Exposition and Conference, both from the standpoints of size and general attendance, will easily exceed by a large margin all of the previous Expositions.

Scheduled on the AMA "Conference Calendar" for March 23-26, inclusive, the Exposition has been deemed of such importance by manufacturers that virtually all the display space has been reserved for many weeks. And this despite the fact that the amount of space made available was increased about 20 per cent over the 1936 show. This is due in part to the fact that the physical layout of the Exposition has been improved; aisle space has been widened; congested and blind alleys have been eliminated; booth blocks will have better arrangement; space of questionable value has been eliminated so that every exhibit will have prominent display.

Last year, 7,000 persons viewed the Exposition. In 1937, attendance is likely to break through 10,000. Reasons: Natural growth of the show; better general business conditions (show was depression born); more emphasis on packaging as influenced by the Robinson-Patman Act.

### Planning Sessions

The conference end of the show is coming in for its share of the attention, with sessions being planned under the direction of the Packaging Council. Two sub-committees have been formed—one on Bulk Packaging, the other on Packaging Machinery.

The Packaging Council reports that there is unusual interest at present in specialized phases of packaging. This means that there will probably be a number of sessions running concurrently, treating subjects not of general interest, but of importance to particular groups.

Topics for discussion are being planned, and now is the time for suggestions to be made. Effort will be made to cover as many specialized subjects as possible, and the Packaging Council will be glad to hear from individuals on these and on general topics.

## Hundreds of Industrialists Planning to Attend AMA's Conference on Industrial Relations

Plans are entirely completed for what will probably be the most important conference staged this season by the AMA—the Conference on Industrial Relations, which will take place at the Benjamin Franklin Hotel in Philadelphia on February 9-10-11.

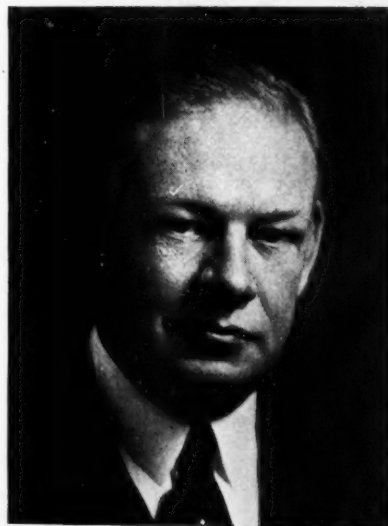
The panel of speakers and discussers has been arranged, and all is in readiness for the three-day meeting which will open on Tuesday morning, February 9, when President Alvin E. Dodd of the AMA presents, to the hundreds of industrialists who will be assembled, the first speaker, Thomas G. Spates, Director of Industrial Relations of General Foods Corporation, and Vice President in Charge of AMA's Personnel Division. Striking the keynote of the meeting, Mr. Spates, who heads the committee planning the meeting, will review fundamental conditions.

The printed program of the meeting is being mailed out to members this week. Many executives have already sent in their registrations. Upon receiving your program, send your registration to AMA headquarters immediately. This is a conference that cannot be missed. As the program testifies, it will not only give an up-to-date picture of the labor relations and personnel field, but will also reveal what are the fundamental conditions behind current happenings.

Sparing no pains to bring to the meeting those speakers best qualified to cover the subjects chosen for discussion, Mr. Spates and his committee have welded a program that will be memorable in the annals of AMA.

The following are but a few of the well-known exponents of good management who will be heard during the course of the sessions: Clarence G. Stoll, Vice President of Western Electric Company, Inc.; Edgar J. Kaufmann, President of Kaufmann Department Stores, Inc.; George Keller, Director of Industrial Relations, Colgate-Palmolive-Peet Company; Robert B. Wolf, Manager, Pulp Division, Weyerhaeuser Timber Company; Dr. George W. Taylor, Research Associate, Industrial Research Department, Wharton School, University of Pennsylvania; W. H. Winans, Union Carbide and Carbon Corporation and Subsidiaries; S. F. Shattuck, Vice President, Industrial Relations Department, Kimberly-Clark Corporation; and many others. Dr. Virgil Jordan, President of the National Industrial Conference Board, will be the dinner speaker and will talk on "The Economic Outlook as It Affects Industrial Relations and the Division of Income."

### Will Open Industrial Relations Conference



ALVIN E. DODD



THOMAS G. SPATES

UNIVERSITY OF WASHINGTON



This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advice from the sources.

# BUSINESS CONDITION

l. 10, No. 1

January, 1937

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	BUSINESS CONDITION
GENERAL OUTLOOK	The November-December decline may continue in January and possibly in February; the spring should see some rally; a recession in the summer may be followed by a spurt in the fall (January 9).	General business will be better in 1937 than in 1936. Those industries that came back first will be the first ones to taper off in any future decline (December 28).	The world economic tide surges forward; the United States bids fair to outdistance other countries in 1937; economic and monetary influences promise to generate prolonged prosperity (January 2).	Strikes, spelling reduced tax receipts, expenses, and even New Deal object to the domestic scene; dangers the world (January 2).
MONEY AND CREDIT	Both Great Britain and the United States are still confronted with the problem of preventing the inflow of gold from broadening their credit base (January 9).	Inflation is already under way and will continue throughout 1937; probably taking the form of Government-bond and check inflation, rather than printing-press inflation (December 28).	Money rates for short-term paper may tend to firm up moderately in the fall, in response to expanding demand for bank credit due to rising business velocity and prices (January 2).	Credit control from strangulation demands have not in the total commercial loan contrary to usual trend (January 2).
SECURITY MARKETS	The bond market, after last month's weakness, recovered to mid-November levels and is now within a fraction of its high point; technical position at present is unfavorable for undertaking new commitments (January 7).		Rising trends should continue dominant in the stock market for 1937; likelihood of continuing selectivity urges consideration of the type of industry diversification in portfolios (January 2).	Automobile situation cause straits; rally afterwards; on will probably to Lewis' strength (January 2).
PRODUCTION	Steel production was 37.7% larger and consumption of raw cotton increased 22.5% as compared with a year ago. Both in 1936 reached highest level since 1929 (January 9).	Railroad equipment and other heavy goods industries face a year of increasing activity; total demand for steel and steel products next year will be largest since 1929 (December 28).	The heavy demand for steel products has put the operating rate of the steel industry at around 80% of capacity; longer-term trend in steel consumption and prices still points upward (January 2).	Electrical manufacturing capital goods production banner year in 1936; appliances expected expansion of public (January 2).
DISTRIBUTION		Retail sales should hold up, and certain chain store securities still look attractive. New products must be developed if retail sales are to continue to develop (December 28).	Strong basic forces continue to favor expansion in consumer incomes and purchasing power; with expanding retail trade, incomes from manufacturing are likely to continue to rise for several months (January 2).	First quarter production of 29 leading commodities 9 per cent increase in 1936; heavy capital (January 9).
BUILDING	Activity in construction field expanded in 1936 for third consecutive year; rate of building equal to 41.4% of the record high in 1928; construction work far from full recovery (December 26).	Forecasts in the housing outlook indicate the building of at least 500,000 home units annually for the next five years—a rate double that of last year (January 4).	Construction volumes will probably broaden in the first half of 1937 (January 2).	Nearly 30 per cent construction dollar volume in 1936; this year spent should approach figure of over \$100 billion (January 9).
AGRICULTURE	The price of May wheat at Chicago rose in December to \$1.36 per bushel, the highest price reached in the recovery movement which began early in 1933 (January 2).	Regardless of any Supreme Court ruling, Washington will seek ways and means to keep some control over agriculture—it will fight a return to unrestricted production of farm products (December 28).	Farmers' incomes will come principally from livestock and dairy products; volume of livestock may be smaller than last year, price rises should more than offset the loss (January 2).	Crop insurance submission to the government, advising the application of limited coverage crop, and other products (January 2).
COMMODITY PRICES	During November and December there was a noticeable spurt in commodity prices; the current rally will give way to a resumption of the long-term downward trend by 1938 (January 9).	Sharp advances characterized the behavior of wholesale commodity prices this past month (January 11).	Prices of commodities in the aggregate should continue upward for several months of 1937. There is some evidence that a speculative boomlet may now be under way (January 2).	Commodities under snow; sharp drop by Commodity Commission release loan cotton March, 25 points; market is 12.75 cents per cwt (January 2).
FOREIGN TRADE AND CONDITIONS	Under the stimulus of government orders, particularly for armaments, foreign business conditions improved, resulting in an appreciable decrease in the number of unemployed (January 2).	Foreign securities should continue relatively unattractive during 1937. There will be no general European war in 1937 for reasons available to those interested (December 28).	International trade should gradually respond to Government efforts to stabilize currencies, lower tariffs, reduce trade barriers and cultivate friendly relations (January 2).	In British parliament debated for increase in A cheaper pound, but will be cussed, but will do (January 9).
LABOR AND WAGES	Since 1932 employment has not lagged behind production but production has been catching up with employment; seasonal falling off of retail trade will raise unemployment in January (January 9).	The addition of about 58,000 persons to employment totals during the latest month of record resulted in a fractional upward movement carrying employment to new highs for 1936 (January 11).	Wage rates in the automotive field are close to pre-depression levels; with plants operating at a high rate of activity and living costs less, there is a higher purchasing power for workers (January 9).	Restlessness of end of 1936, is evident in 1937; motor, steel appear most vulnerable; these key industries cart (January 2).

# ONS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
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January, 1937

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## BUSINESS WEEK

...kes, spelling reduced payrolls, re-  
...tax receipts, increased federal  
...ses, and even re-examination of  
...Deal objectives, threaten the do-  
...scene; danger in Europe threat-  
...the world (January 9).

...dit control is still a long way  
...strangulation; tax-forced divi-  
...have not impaired working capi-  
...mmercial loans keep growing con-  
...to usual trend at end of year  
...ary 2).

...omobile strike and Washington  
...ion cause stocks to sag, but they  
...afterwards; the market from here  
...all probably move in inverse ratio  
...wis' strength (January 9).

...etrical manufacturers are among  
...l goods producers who anticipate  
...r year in 1937; sales of household  
...nces expected to expand with ex-  
...on of public purchasing power  
...ary 2).

...st quarter prediction of shipments  
...leading commodities indicates a  
...cent increase over same months in  
...heavy capital goods head list  
...ary 9).

...arly 30 per cent of public con-  
...ion dollar went into road build-  
...1936; this year the dollar volume  
...should approach the pre-depres-  
...figure of over a half billion dol-  
...January 9).

...p insurance closer to reality with  
...ssion to the President of report  
...ng the application of an all-risk,  
...t coverage plan to 1938 wheat  
...and other mass agricultural  
...cts (January 2).

...ommodities upset; grains hurt by  
...sharp drop in rubber; cotton hit  
...ommodity Credit Corp.'s plan to  
...e loan cotton in February and  
...n, 25 points under market if  
...et is 12.75 cents a pound or bet-  
...January 2).

...British parliament, means will be  
...ed for increasing British exports.  
...aper pound is bound to be dis-  
...l, but will demand U. S. approval  
...ary 9).

...tlessness of labor, evident at the  
...f 1936, is expected to persist in  
...motor, steel and coal industries  
...r most vulnerable; disruption in  
...key industries may upset recovery  
...January 2).

## CLEVELAND TRUST COMPANY

Until strike solutions are found, the Government financial authorities need worry little about devising checks for credit expansion and restraining the boom that was thought to be impending (January 15).

Data on investments as inflation hedges in France show a varied holding of stocks kept since before 1914 to be worth in purchasing power about double a like holding in government bonds, but both have lost badly (January 15).

Security price advances in 1936 were noteworthy for steadiness. Industrial, utility, rail, municipal, and federal bonds took part in a price rise to the highest levels in 30 years (January 15).

The volume of industrial production increased vigorously in November, and preliminary estimates indicate another good advance in December (January 15).

Our foreign trade is not sharing adequately in the recovery; it has improved only slightly since the depression low. It seems that we have had a lasting shrinkage in our export trade (January 15).

The settlements of industrial disputes involving sit-down strikes—which are so easy to institute, so effective, and require so little cooperation—does not seem to be conclusive or lasting (January 15).

## GUARANTY TRUST COMPANY

Commercial failures last month continued relatively low. Insolvencies for the first eleven months of the year showed a decrease of 22% over 1935 (December 28).

Principal financial developments in 1936 were the large gold inflow, expansion of public debt and increase in new security issues. Overexpansion in money and credit is our chief 1937 economic problem (December 28).

New security issues last month were somewhat below the average for the earlier months of the year and smaller; a good proportion represented new capital as contrasted with refunding issues (December 28).

The steel industry has been striving to increase its output to meet the rush of orders of the past weeks; expansion after a few weeks may be hampered by a shortage of raw materials (December 28).

Retail trade made an exceptionally favorable showing last month. Department store sales exceeded the October total by more than the usual seasonal amount (December 28).

Improvement in the agricultural industry is a favorable factor in the general business outlook; but until farmers can do away with surplus production without government interference, a problem exists (December 28).

Commodity prices have shown increasing buoyancy; basic commodity quotations have advanced rather sharply. The wholesale price index is 24% above a year ago (December 28).

It is doubtful that any European nation would risk the loss of the economic progress toward recovery that has been made, by entering into a war over differences in political philosophies (December 28).

## NATIONAL CITY BANK

The wear and tear of the depression and unsatisfied wants have built up deferred needs, which require increased manufacturing activity and greater consumption of raw materials as the recovery makes headway (January).

Interest in the financial markets during the past month has centered upon the plans and proposals of the Treasury and Reserve banks for curbing the excess reserves of the banks and controlling credit expansion (January).

Prices of Government bonds softened following establishment of record high prices early in December. High grade corporate bonds followed general trend of Government issues (January).

Steel and automobile output have been greater than in any year except 1928 and 1929; during recent weeks steel mill operations at almost 80% of capacity are largest for this season of the year (January).

Total domestic retail trade expanded during the year by an estimated 14%, and Christmas sales of department stores were larger by about the same figure (January).

Building contracts awarded increased 57% in eleven months; residential construction is up 70%; the proportion of building which is privately financed rose to 60% of the total in recent months (January).

Agriculture at the end of 1936 is back to its normal purchasing power; equilibrium is restored at the point where the strain during the downswing of the depression was the greatest (January).

The commodity price rise in the past two months has been rapid; forward buying has been liberal, rise in staple commodity prices is an important development of 1936 and holds great promise for 1937 (January).

The chief hope of eliminating obstacles to trade plainly lies in recovery in the countries which have put up barriers for self-protection (January).

Industrial production as measured by the Federal Reserve Board's index for November was 91% of the 1929 peak, and the corresponding figure for industrial employment was 89 (January).

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